

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 DODE-00 PA-01 PRS-01 AGR-05 IO-10

FEA-01 INT-05 TAR-01 /107 W  
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R 300954Z JUL 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5964

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EGEN, RP, ASEAN, PFOR

SUBJECT: ASEAN/US CONSULTATIONS

REF: (A) BANGKOK 14810 (B) STATTE 102360

SUMMARY. ECON/COMMERCIAL COUNSELOR EXPLORED POSSIBILITIES FOR US/ASEAN CONSULTATIONS IN JULY 26 TALK WITH INDUSTRY SECRETARY PATERNO. ON BASIS RP/THAI TALKS DURING KUKRIT VISIT, AND AS RESULT RECENT ASEAN CHAMBERS OF COMMERCE MEETING KUALA LUMPUR, PATERNO FELT ASEAN PROSPECTS HAD RECEIVED DEFINITE BOOST. HE WAS CONFIDENT THAT KUKRIT'S RECENT TRAVELS, WHICH PATERNO SAID WERE LARGELY IN AID OF ASEAN (PRESUMABLY VERSUS SEATO), HAD SPARKED REGIONAL ENTHUSIASM FOR FURTHER DEVELOPMENT OF THE ORGANIZATION, ALTHOUGH QUOTE KUALA LUMPUR STILL HAS TO CATCH UP UNQUOTE.

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PATERNO FELT IT WAS TIMELY, POSSIBLY IN THE MINISTERS OF

PLANNING MEETING SCHEDULED FOR JAKARTA, TO PUSH FOR A SIGNIFICANT ACROSS-THE-BOARD REDUCTION OF ASEAN-MEMBER TARIFFS, AS THE FIRST STEP TOWARD A COMMON MARKET. WHILE HE DID NOT VIEW SHORT-TERM PROSPECTS OF SUCH REDUCTIONS ALL THAT SANGUINELY, HE FELT THIS WAS THE BEST PLACE TO BEGIN MOVEMENT TOWARD A COMMON MARKET. PATERNO CONCLUDED THAT US/ASEAN CONSULTATIONS PROBABLY SHOULD BE INITIATED BEFORE THE MEETING OF ASEAN MINISTERS OF PLANNING. HE SUGGESTED THAT TIMING AND AGENDA BE PURSUED IN JAKARTA WITH NEW SECRETARIAT AND SAID US/ASEAN TALKS CERTAINLY SHOULD OCCUR AHEAD OF FULL ECONOMIC TALKS WITH THE JAPANESE. END SUMMARY.

2. RECENT MEETING IN KUALA LUMPUR OF ASEAN CHAMBERS OF COMMERCE HAD IN PATERNO'S ESTIMATE (A) SIGNIFICANTLY UPGRADED PRIVATE BUSINESS DIALOGUE WITHIN ASEAN; AND (B) HAD ACHIEVED EXPRESSION OF MUCH GREATER COMMITMENT OF MALAYSIA TO ASEAN OBJECTIVES. PATERNO SAID PHILIPPINE DELEGATION (LED BY PHILIPPINE CHAMBER OF COMMERCE PRESIDENT ELIZALDE) WAS MUCH HIGHER POWERED THAN OTHERS AND THAT OTHER COUNTRIES HAD DECIDED TO UPGRADE FUTURE REPRESENTATION AS A RESULT. HE SET OUT, HE SAID, IN CHOOSING THE PHILIPPINE DELEGATION TO PROVOKE THAT RESULT. MOST SIGNIFICANT, PATERNO FELT, WAS THE DECISION OF TUNGKU REZALEH TO TAKE PRESIDENCY OF THE GROUP. THIS HE SAID WAS AN IMPORTANT MALAYSIAN POLITICAL RECOGNITION OF THE NEW ENTHUSIASM FOR ASEAN.

3. WHILE HE DID NOT SEEM AWARE THAT THE PHILIPPINES HAD BEEN DESIGNATED AS POINT OF CONTACT FOR DISCUSSION OF POSSIBLE US/ASEAN CONSULTATIONS, PATERNO THOUGHT THE TIME FOR SUCH CONSULTATIONS WAS NEARING. HE CITED PROGRESS IN TALKS WITH EEC, RECENTLY COMPLETED CONSULTATIONS WITH AUSTRALIA AND NEW ZEALAND, AND SAID THAT GENERAL ECONOMIC TALKS WERE PENDING BETWEEN JAPAN AND ASEAN, SUGGESTING THAT THE JAPANESE WERE AWAITING SUCH TALKS WITH SOME EAGERNESS. PATERNO FELT, HOWEVER, THAT TALKS WITH THE U.S. SHOULD BE HELD BEFORE JAPAN, NO DOUBT TO USE ANY INDICATIONS OF U.S. CONCESSIONS ON TRADE OR ASSISTANCE TO LEVER THE JAPANESE. HE ALSO SUGGESTED THAT BEST WAY TO MOVE TOWARD US/ASEAN TALKS WAS THROUGH VERY LOW-PROFILE EXPLORATIONS WITH NEW ASIAN SECRETARIAT IN JAKARTA.

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4. COMMENT: PATERNO AAS LED PHILIPPINE EFFORTS TO DEVELOP ASEAN COMPLEMENTATION AND TARIFF-CUTTING SCHEMES, AND HE MAY AGAIN BE OUT IN FRONT OF THE POSSIBLE. IN THE PARTICULAR CASE OF AUTO MANUFACTURE, HE PUSHED FOR AN ASIAN CAR PROGRAM AND ACHIEVED PRODUCTION OF THE MAIN FILIPINO COMPONENTS (MAINLY BODY STAMPINGS AND TRANSMISSIONS) WITHOUT FINDING MUCH PARALLEL ACTION FROM OTHER ASEAN MEMBERS. HE

NO DOUBT PROMOTED PRESIDENT MARCOS' PUBLIC SUPPORT OF AN ASEAN COMMON MARKET AS REFLECTED IN THE RP/THAI JOINT COMMUNIQUE ENDING KUKRIT'S VISIT, AND HE APPEARS TO FEEL THERE WAS A POSITIVE ENOUGH RESPONSE FROM THE THAIS TO WARRANT PROCEEDING WITH THE TARIFF SCHEME. PATERNOS SAYS THAT HE WILL BE SEEKING A SHOW OF SUPPORT FROM PHILIPPINE BUSINESSMEN FOR ACROSS-THE-BOARD TARIFF CUTS AS A PRE-LIMINARY TO RAISING THIS PROPOSAL, AT THE MINISTERS OF PLANNING SESSION OR AT THE PROPOSED SUMMIT. HIS BIGGEST HURDLE, OF COURSE, WILL BE THE HEAVILY COMPETITIVE CHARACTER OF INTRA ASEAN EXPORT. A DEFINITE BOOST HE MAY SEE POTENTIALLY EMERGING FROM US/ASEAN CONSULTATIONS WOULD BE AN INDICATION OF A FRIENDLY U.S. ATTITUDE TOWARD LAUNCHING THE MOVE TOWARD A COMMON MARKET.

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